Five Year Operating Plan

1992

Workers' Compensation Board of Manitoba

INTRODUCTION

The Board of Directors of the Workers Compensation Board has a responsibility under the Workers Compensation Act to "plan for the future of the compensation system". Pursuant to the Workers Compensation Act of Manitoba, as revised in 1991, the board is to provide a five year plan to the Minister responsible for The Workers Compensation Act each year.

The Workers Compensation Board has defined its role as follows:

1. To provide a no-fault, collective insurance service for Manitoba employers and workers at reasonable rates.
2. To ensure the provision of prompt and effective financial, medical and rehabilitative services to Manitoba workers who are victims of occupational injuries and disease in insured industries.
3. To facilitate, fund and promote workplace accident and illness prevention programs, for the purposes of improving the safety of workplaces and reducing the incidence and severity of accidents.
4. To deliver these services in an open, courteous, impartial, effective and fiscally responsible manner in conformity with the principles of natural justice.
5. To carry out the other requirements of the Workers Compensation Act.

The Workers Compensation Board of Manitoba, as it looked forward to the 1990's and into the twenty-first century, was faced with a need to renew and modernize the compensation program to ensure its ongoing effectiveness for workers, employers and society in general.

The original legislative framework for the compensation program was established over 70 years ago. While some legislative, policy and procedural amendments were introduced during that period, developments not known or anticipated when the program was implemented resulted in the fundamental program structures having a limited ability to satisfy the needs of today's stakeholders. Accordingly, Bill 59, introduced by the government and passed by the provincial legislature in 1991, represented the first major revision to the original legislation since the inception of the workers compensation program in Manitoba. The legislative amendments were intended to clarify and restore the scope of the program to that agreed to in the original "social compact" between workers and employers. In so doing, the Bill provided for a fair and reasonable benefit program, while also providing an opportunity for the WCB to retire its accumulated unfunded liabilities and provide competitive assessment rates for employers.

The last two decades have witnessed the introduction of significant reforms by Workers Compensation Boards in Canada. Beginning with the U.S. National Commission on Workers Compensation in 1972, and adopted by the Province of Saskatchewan toward the end of 1970's, concepts such as the separation of wage loss and permanent impairment awards have now found their way into the legislative base for a majority of Canadian workers compensation programs. Simultaneously, the previous concept of compensating to a proportion of gross income has been replaced by the concept of compensating according to a proportion of net income. Rehabilitation programs have been added to the service selection.

In the years 1992 through 1996, the WCB anticipates a continuation of the process of program renewal and further improvements to service delivery, administrative controls, information management and major technological initiatives. It is clear that broader stakeholder consultations and further research are required before any major changes from the existing program concept should be considered. That was the premise underlying the enactment of Bill 59 - to provide a sound financial and structural basis from which (after due consideration) variations to the program, which

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could be potentially beneficial to all stakeholders, would be considered in a detailed and rational manner.

In a monopoly program, the external discipline of the marketplace is missing. Therefore, the role of criticizing and evaluating the performance of the program in relationship to the needs of society falls upon the stakeholders, through their Board. The role of the Board is to provide a forum in which options can be discussed in an open and frank way, to assist the stakeholders in understanding and planning for the future of the compensation program in Manitoba.

HISTORY

Throughout the 1980's, the WCB in Manitoba came to be associated with inefficiency, poor service, significant financial losses and a generally dissatisfied employer and labour community. The controversies which arose in that environment distracted from the need to modernize the compensation program.

During that period, policies, practices and the existing legislation all contributed to a massive increase in after-inflation costs and resultant unfunded liabilities accumulating to an amount in excess of $237 million. The absence of an adequate and conesive administrative framework allowed those increases to occur in an uncontrolled manner. In 1988, the government urged the Board to focus on the future, not the past, and begin to develop a long-term plan to reduce accidents, improve service, facilitate the timely return to work of rehabilitated injured workers, return the program to fiscal health, and improve the satisfaction levels of stakeholders and society in general.

In 1989, the Board approved a 5-year recovery plan for the WCB which included a series of stages and milestones. First was the establishment of improved services to stakeholders through implementation of a system of administrative controls and modern business practices; second was the establishment by government of a more effective governance structure; third was a revamping of the benefits structure and a turn-around towards financial solvency; and lastly was a future-oriented evaluation and planning process to consider any long-term conceptual program and policy changes that should be initiated. The Steering Committee on Legislative Reform, mandated by the government and chaired by the CEO of the WCB, developed the latter segment of the reform process.

The WCB recovery plan was first introduced to the public as the 1989 Comprehensive Plan, which was the first-ever such document in the more than 70-year history of the Manitoba WCB. In addition, an annual survey of the environment in which the WCB operates was introduced to the WCB's annual planning and budgeting cycle. The primary focus of the WCB up to and including 1991 was on the anticipated legislative changes ultimately introduced to the legislature by the government in 1990 and 1991, as Bills 56 and 59 respectively.

1991 represented the third year in the WCB's planned recovery period. Reducing accidents is now recognized as being equally important as provision of good service. A reduction in accidents translates into fewer injured workers, reduced service demands and lower program costs. Improved services require additional human, technological and support resources. Unfunded liabilities require additional revenue to simply finance them annually, therefore a deficit strategy is essential to long-term recovery.

Up to and including 1991, the recovery plan entailed detailed work in which the administration was significantly involved. During the 1988-91 period, there was significant change to the structure and membership of the Board of Directors. Bill 56, approved in 1990, established a tri-partite Board of Directors charged with responsibility for "planning the future of the compensation system" and an independent Appeals Commission mandated to provide the final level of appeal for WCB administrative decisions, within the parameters of legislation and policy.

In 1992, the Board will continue with longer term planning as the initial "recovery" plan matures. With the implementation of Bill 59, the issues to be addressed are now more related to the general role of the compensation program in providing disability insurance protection for workers.

One of the objectives of Bill 59 was to clarify the parameters of the compensation program for workers and employers, to permit them to understand the program's deficiencies in the provision of total disability coverage - as a consequence of the fundamental characteristics of the program

History

(single funding and limited-risk coverage for work-related causes only). Those coverage deficiencies are addressed by some workers and employers by accessing the private insurance market as well as the social insurance provided through the CPP and UI disability components.

The long-term goal remains the development of the most effective WCB program in Canada; meeting the legitimate compensation and rehabilitation needs of injured workers, assessing employers fairly and equitably, and encouraging measures to improve workplace safety, reducing accidents and thus lowering the human and financial toll of accidents.

Operational Objectives

In support of the overall mission statement and to better enable the WCB to carry out its role in the Manitoba workplace, the following objectives have been established:

- *Provide quality service* on a timely basis to injured workers and employers.
- *Improve productivity* within the WCB through an emphasis on:
  (a) technological support systems
  (b) improved communications and training
  (c) implementation of case management, including healthcare management support
  (d) active intervention in long term cases;
- *Promote accident prevention and safety* within the workplace to result in the eventual reduction of caseloads and program costs arising from injuries and occupational disease in the workplace;
- *Maintain fiscal responsibility* within the existing economic environment, thus enabling the WCB to reduce the existing deficit and strengthen the financial condition of the organization.
- *Effect cultural change* within the WCB in order to:
  (a) emphasize individual accountability for job actions and service delivery
  (b) foster individual commitment to providing superior, quality service to injured workers and employers.

Environmental Analysis

In its process of ongoing environmental scanning and analysis, the WCB primarily focuses on the trends which, over time, will have the greatest impact on the compensation program.

The state of the economy

There are several significant factors pointing towards Canada's economic recovery. Economic contraction came to an end in 1991. Gross domestic product is expected to grow modestly in 1992. Employment is expected to grow relatively slowly in 1992, as businesses attempt to contain costs in the wake of extremely poor profits during the past couple of years. At the same time, some of the workers displaced during the recession will return to the labour force, a trend which is typical during periods of economic recovery. Both goods and services output will make improvements in 1992. The production of goods and dwellings will likely experience stronger gains.

The economic outlook hinges on two major assumptions. First, the United States must continue its recovery trend. If it should falter, Canada's economic recovery could be placed in jeopardy. Secondly, inflation must remain low and the external value of the Canadian dollar must remain fairly constant. If these trends do not continue, short term interest rates could rise, and Canada's economic recovery could be severely impaired. However, the most likely outcome is that the recovery will proceed steadily through 1992 and 1993.

Both the economy generally and resultant employment have a direct effect on WCB revenues (from assessable payrolls and investments) and costs (more employment means more workers potentially at risk of accidents).

Societal trends

The "people factors" significantly shape the compensation system - more simply, the relative number of people who may be eligible for compensation in the future. The principal indicators include: population, labour force, births and birthrate, immigration, emigration, and the unemployed labour force. The secondary indicators are factors directly affecting the people who may be eligible for compensation in the future. They include: the aging population, education levels, the female participation rate, disabled in the workforce, and the ratio of goods vs. service industries. Analyzing these changes allows the board to take a proactive approach to preparing for the special needs these trends may create.

The Canadian labour force has shown a period of low growth since 1981. The trend is expected to continue. Over the last nine years, the labour force in Manitoba has increased steadily at a low rate of growth. That trend is also expected to continue.

However, the labour force projections highlight great changes in the composition of the Manitoba labour force. In 1988, the 25-34 age group comprised the majority of the workforce, followed by the 35-44 and the 45-54 groups. However, by the early 21st century, the 45-54 group will be the largest, followed by the 35-44 and the 25-34 group. As a result, older workers will constitute an increasing proportion of the population and labour force within the next two decades. In 1986, approximately 49 percent of the labour force was over the age of 34. By the year 2000, that figure will rise to almost 60 percent. Since older workers will represent a greater portion of the labour force, there are a number of factors that must be taken into consideration for the future. Recent accident trends indicate that more accidents happen to younger workers than to older workers. However, because

they have been part of the work force for a longer period of time, older workers are more likely to suffer debilitating injuries which develop and are aggravated over an extended period. Coupled with the fact that older members of the workforce take longer to recover from their injuries, this will contribute to a considerably higher cost per claim than that of younger workers. With the increasing number of older workers in the labour force, claim costs can be expected to rise.

The rehabilitation of older workers represents an important consideration for the WCB. As workers get older, their rehabilitation needs change and the difficulties in re-entering the workforce increase, especially if the worker must change occupations. The difficulty in returning to work is compounded by a number of factors. Firstly the older worker's labour adjustment is more difficult due to the reluctance of employers to hire older workers. Secondly, older workers in general tend to have a lower education level than younger workers, as well as a reluctance to change their occupation. This, combined with a shorter worklife afterwards, makes upgrading a less attractive possibility. Thirdly, rehabilitation is often complicated by existing conditions which did not affect the worker's earning capacity prior to the injury, but certainly affects the worker's range of alternate employment options.

Labour force illiteracy will be compounded by the aging of the population. What will happen to workers who injure themselves and are unable to return to their original occupation? Perhaps functional literacy programs may help to prevent accidents and make the future rehabilitation and retraining of injured workers much easier.

The number of women in the Canadian workforce has risen dramatically over the past ten years. Today, women account for 42 percent of the total labour force. Predictions indicate that women will account for over half of the labour force by the year 2000. As more and more women enter the workforce, the WCB may not find any increase in claim levels, as there is a higher proportion of women employed in low risk, service industry jobs. The risk of serious accidents in the service sector is minimal as compared to the goods-producing sector, which contains many more high risk industries.

An increase in the number of multiple-trauma claims may occur, unless the often menial and repetitive nature of work which leads to the onset and aggravation of repetitive strain injuries is reduced through job re-design by more employers.

Within the context of workers compensation planning, there are two types of disabled populations. Firstly, the population which has been disabled from birth, and suffers aggravation of their disability as a result of workplace accidents, and secondly, the population disabled due solely to workplace injury. It is important for the WCB to be able to meet the reasonable vocational rehabilitation and re-training needs of both groups of disabled workers.

As the economy shifts towards the service sector, the trend will have a large impact on the WCB' s assessable payroll. The goods-producing sector represents a larger percentage of payroll in the WCB than in society at large, therefore the WCB expects that assessable payroll will grow less quickly than the overall economy. As the WCB coverage changes to include more service industries, claim levels may go down, but vocational rehabilitation will face a special set of problems because service industry jobs tend to require lower skill levels, and therefore, vocational rehabilitation will have to overcome the problem of an injured workforce with fewer transferrable skills.

Lastly, in addition to a study of the demographic forces influencing the service delivery of the WCB, we must also take into account attitudes about the compensation system held by the public

at large and also bear in mind the changing social ethic. People are becoming more and more dependent on government to catch them in social "safety nets". The weakening of the economy and the effects of on-going corporate restructuring, including further automation, intensifies this feeling of dependency for some workers.

Operating Strategies

The 1992 Operating Plan reflects a continuation of the comprehensive plan adopted by the Board in 1989 and, in effect, builds upon the progress achieved by the WCB up to 1991, which is outlined in the 1991 Annual Report. This Operating Plan contains a summary of the WCB's operating strategies for the next five years in support of the mission statement and corporate objectives.

1. Improve the timing and quality of initial adjudication decisions on workers' claims, so that more initial decisions occur and are implemented within two weeks.

   Tactics under consideration include:
   - electronic reporting of accidents by employers, injured workers and healthcare practitioners
   - enforcement of responsibilities for timely reporting by those parties
   - use of agency arrangements (as permitted under Section 109.5 of the Act) where improved services would result
   - flexibility to make decisions in straight-forward claims before receipt of all outstanding documentation
   - more selective and timely field investigations, where initial information is deficient or inconsistent
   - use of advanced technology (e.g. electronic references to policy and claim files) to expedite and facilitate decision making
   - assignment of complex claims to more experienced staff, supported by appropriate technology and reference material, to assist in timely, accurate and well-understood decisions. Support technology could include computer-based "expert" systems, particularly for claims related to diseases rather than acute trauma. Supporting reference material would include current and continuing research on diseases and other medical disorders.

2. Provide for early, appropriate and healthy return to work for injured workers through active case management, supported by appropriate healthcare management and rehabilitative services.

   Tactics to be pursued for this strategy include:
   - claims "managers" will be assigned responsibility "from inception to completion" for complex claims, where an early and straight-forward return to work is unlikely to occur and active intervention is likely required.
   - claims managers will use the services of WCB healthcare professionals and rehabilitation specialists on an "as required" basis.
   - claims managers will maintain early and ongoing contact with the claimant, the employer and the claimant's healthcare provider(s).

3. Provide effective healthcare-management and control of medical aid consistent with the provisions of the Act.

   Tactics to be implemented in support of this strategy include:
   - staffing the WCB healthcare branch on a contractual basis with practitioners who will provide unbiased advice to WCB adjudicators and case managers and non-WCB healthcare providers
   - ensuring an appropriate exchange of information with attending physicians with respect to diagnosis, prognosis and restrictions applicable to the claimant's medical condition
   - monitoring the initial and continuing treatment provided to injured workers by non-WCB healthcare providers, and intervening where it is believed that treatment is no longer necessary or effective
   - ensuring that non-WCB healthcare practitioners are informed of WCB policies and other objectives intended to promote medical rehabilitation and early return to work

4. Provide timely and accurate payments to all claimants and non-WCB healthcare providers.

   Tactics under consideration include:
   - establishing of direct deposit arrangements
   - establishing electronic reporting linkages
   - automating payment calculation systems
   - providing financial counselling where claimants have optional forms of benefit entitlement.

5. Continue to review, evaluate and provide appropriate services to claimants who have been dependent on workers compensation benefits for extended periods, to ensure that they are afforded a reasonable opportunity to become independent of the compensation system.

   Tactics being employed to pursue this strategy include:
   - ensuring that all long-term claims are identified and reviewed.
   - determining if all viable rehabilitation options have been implemented, and providing additional rehabilitation where warranted.
   - supporting the case management process by focusing rehabilitative efforts on a timely intervention on those cases where a successful return to work is most likely achievable with appropriate rehabilitation.
   - identifying cases where maximum rehabilitation has already been achieved and a continuing wage loss is evident.
   - concluding WCB involvement where such action is appropriate.

6. Restore the financial integrity of the Accident Fund by eliminating the current unfunded liabilities in ten years or less.

   Tactics to be employed include:
   - ensuring that program expenditures are in compliance with limitations imposed by the Act and related policies
   - ensuring that employer assessments are fairly and equitably calculated and collected annually on a timely basis, with appropriate payment options for employers
   - maximizing the revenue from investments through active portfolio management
   - using advanced technology for cash management
   - establishing future cost provisions on a claim-by-claim basis
   - enhancing financial forecasting through use of computer-based models
   - ensuring that administrative costs are kept as low as practical through maximum use of available technology
   - purchasing reinsurance to protect Class E employers against the risk of a catastrophic event.

7. Promote accident prevention and safety initiatives and awareness amongst employers and workers.

   Tactics in support of this strategy include:
   - developing and marketing key messages regarding safety
   - maintaining regular liaison with employers, employer associations, workers, organized labour and the Workplace Safety and Health division of the provincial department of labour
   - assisting and promoting voluntary safety audits at workplaces
   - funding pilot programs for preventive activities and safety training
   - operating and/or encouraging a safety awards program for employers and workers
   - operating a merit/surcharge system complementary to the experience-based assessment system

8. Increase the level of stakeholder understanding of the compensation program (both its attributes and its limitations), and encourage stakeholder dialogue about potential program revisions, to maintain its future relevancy.

   Tactics to be employed include:
   - working with worker and employer groups to develop a sound understanding of the Act and Board-issued policies
   - maintaining a comprehensive Policy Manual
   - maintaining an active media relations program to ensure fair and accurate reporting
   - communicating financial and statistical information and coverage details to stakeholders on a regular and easily-understood basis.
   - encouraging workers to obtain disability insurance protection supplementary to that provided by the workers compensation program.

9. Investigate the potential expansion of the scope of coverage of the compensation program to include many of the workers in occupations and industries presently not included under existing legislation.

   At present, workers compensation legislation in Manitoba applies to those workers in industries specifically named in the Act and a Schedule to the Act. All others are excluded. This approach to coverage has resulted in approximately 75% of the Manitoba workforce being covered by the workers compensation program, with 25% excluded.

   While there may be some rational reasons for excluding some industries and workers from compensation coverage, the present system of "exclusion unless specifically included" does not protect, by default, those cases where a rational argument for exclusion does not exist. The present methodology fosters exclusion by default.

   Of those workers excluded from workers compensation coverage, some are covered by private LTD or ADD plans, either employer or worker-paid, but many are not insured against disabilities arising from their participation in the workforce. The consequences of disabling injuries to those workers are potentially dramatic and ruinous, both to the individuals and their families, with the ultimate cost being borne by society through the various social safety nets.

   To expand the scope of coverage of the compensation program to a more appropriate level, the list of included industries could be revised on a regular basis such that all workers and industries are eventually specifically included, unless named as an exclusion after due consideration. That is the legislative approach adopted by eight of the twelve jurisdictions in Canada.

   Over the next few years, the Board will research, analyze and recommend changes to government, as appropriate, on the matter of the scope of coverage of the compensation program.

FORECASTS

Along with the determination of strategies for the next five years, the WCB has forecast the effect of those strategies on its financial position over that period, using a computer-based forecasting model predicated on certain major assumptions and subject to certain risks not under the control or influence of the WCB.

In summary, those assumptions and risks are as follows:

(i) *Assumptions*

- The existing legislative framework will remain essentially unchanged. Any significant changes in benefits, the number of employees covered, or type of coverage would change the basis for the projections.
- Actuarial calculations of reserves required will result in total reserves remaining at the same proportion of expenditures throughout the forecast period.
- Inflation will average 3% in 1992 and 4% thereafter.
- As a result of general economic growth, assessable payrolls will grow at an annual average of 1.5% in excess of inflation.
- Similarly, annual program expenditure growth will gradually decline from present levels to an annual average of 1.5% in excess of inflation.
- The strategy of earlier intervention and rehabilitation will transfer many historical "compensation" costs into "rehabilitation". Over time, a decline in the rate of growth of these two components will be realized in conjunction with other program changes occurring as a result of implementation of Bill 59.
- Earnings on the investment portfolio will average 4% (in real terms) over the long-term.
- Average assessment rates will remain stable through the 1990's.
- Administration costs will plateau and then begin to decline as a % of total program costs.
- Medical aid costs will continue to grow at a rate in excess of inflation throughout the period.
- Annual accident rates will remain relatively flat, as will average duration of claims. Initiatives planned or underway may improve this assumption. Declining accident rates and claims duration would reduce program costs, create an opportunity for reduced assessment rates and improve the financial position of the WCB.

(ii) *Risks*

- A return to a period of high inflation and/or significant economic growth would alter both revenue and expenditure forecasts
- Any natural disaster which results in a significant variation from annual averages for accident frequency and/or severity could cause a one-time deterioration in the financial position of the Accident Fund. The WCB has established a Disaster Reserve in excess of $13 million to protect the Fund against most extraordinary circumstances that could arise.
- A continued and prolonged economic recession could result in reduced assessment revenues from projected levels. While this would be partially offset by lower claims levels associated with reduced employment, it would nevertheless likely result in a net excess of costs over revenues as upward pressure would exist on claims duration.

On the basis of the operational strategies established for the next five years, and in consideration of the previously-stated assumptions and risks inherent in its financial forecasts, the key WCB financial forecasts for that period are as noted on the following pages.

Five Year Operating Plan

Projected Statement of Operations – Class E ($000's)

REVENUE	1991	1992	1993	1994	1995	1996
Assessment Revenue	125,100	123,300	130,100	137,200	144,800	152,700
Interest	35,800	36,500	37,500	39,000	41,000	43,300
Total Revenue	**160,900**	**159,800**	**167,600**	**176,200**	**185,800**	**196,000**
EXPENDITURE						
Wage Loss Expenditure						
Wage loss benefits paid	64,600	63,200	64,300	66,800	69,700	73,200
Capitalized pensions and lump sum payments	14,800	12,900	13,000	14,100	15,200	16,200
Program Administration	7,900	8,100	8,500	9,000	9,400	9,900
Subtotal	***87,300***	***84,200***	***85,800***	***89,900***	***94,300***	***99,300***
Medical Aid Expenditures						
External professionals and supplies	15,900	18,300	19,800	21,400	23,100	24,700
Program Administration	700	800	900	900	1,000	1,000
Subtotal	***16,600***	***19,100***	***20,700***	***22,300***	***24,100***	***25,700***
Total Program Expenditures	**103,900**	**103,300**	**106,500**	**112,200**	**118,400**	**125,000**
Future Cost Provision	40,000	38,900	27,600	29,200	30,500	32,300
Administrative Expenditures	10,900	12,600	13,200	13,800	14,500	15,300
WS & H, WA & Legal Costs	3,900	4,300	4,500	4,800	5,000	5,200
Total Administration Costs	14,800	16,900	17,700	18,600	19,500	20,500
Total Expenditures	**158,700**	**159,100**	**151,800**	**160,000**	**168,400**	**177,800**
Surplus (Deficit)	2,200	700	15,800	16,200	17,400	18,200

Five Year Operating Plan

Projected Statement of Operations – Other Classes ($000's)

REVENUE	1991	1992	1993	1994	1995	1996
Assessment Revenue	15,100	11,000	11,400	11,900	12,500	13,100
[illegible]	15,100	11,000	11,400	[illegible]	[illegible]	[illegible]
EXPENDITURE						
Wage Loss Expenditure						
Wage loss benefits paid	4,300	4,100	4,000	4,100	4,200	4,400
Capitalized pensions and lump sum payments	1,300	1,300	1,400	1,500	1,600	1,700
Program Administration	1,000	1,100	1,100	1,200	1,300	1,300
Subtotal	***6,600***	***6,500***	***6,500***	***6,800***	***7,100***	***7,400***
Medical Aid Expenditures						
External professionals and supplies	2,200	2,400	2,600	2,800	3,000	3,200
Program Administration	100	100	100	100	100	100
Subtotal	***2,300***	***2,500***	***2,700***	***2,900***	***3,100***	***3,300***
Total Program Expenditures	**8,900**	**9,000**	**9,200**	**9,700**	**10,200**	**10,700**
Future Cost Provision	(3,800)					
Administrative Expenditures	1,500	1,600	1,800	1,800	1,900	2,000
WS & H, WA & Legal Costs	300	400	400	400	400	400
Total Administration Costs	1,800	2,000	2,200	2,200	2,300	2,400
Total Expenditures	**6,900**	**11,000**	**11,400**	**11,900**	**12,500**	**13,100**
Surplus (Deficit)	8,200	0	0	0	0	0

Five Year Operating Plan

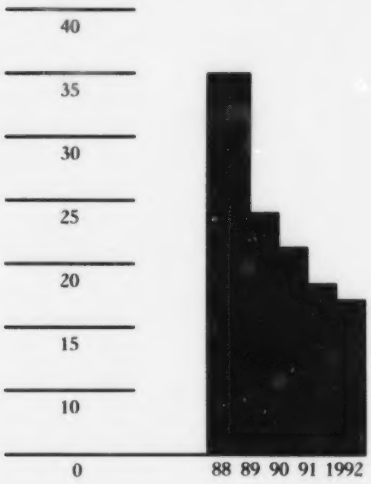
Projected Net Worth Statement ($000's)

ASSETS	1991	1992	1993	1994	1995	1996
Assessment Receivables	7,000	6,000	6,300	6,700	7,000	7,400
Investments	240,000	345,100	372,100	401,500	433,800	468,800
Short-term deposits	116,800	38,300	41,300	44,600	48,200	52,100
Deferred Receivable, self-insurers	24,900	23,700	24,200	25,200	26,900	28,600
Fixed Assets	5,600	6,200	6,200	6,500	6,700	7,000
Deferred Costs	1,000	800	600	400	200	0
Total Assets	**395,300**	**420,100**	**450,700**	**484,900**	**522,800**	**563,900**
LIABILITIES						
Accounts payable and accrued liabilities	2,400	2,400	2,600	2,700	2,900	3,000
Deferred revenue	200	200	300	300	300	300
Subtotal	2,600	2,600	2,900	3,000	3,200	3,300
Provision for future payment obligations	**481,900**	**504,600**	**517,700**	**534,200**	**552,900**	**574,000**
Total Liabilities	484,500	507,200	520,600	537,200	556,100	577,300
Net Worth	**(89,200)**	**(87,100)**	(69,900)	(52,300)	**(33,300)**	(13,400)
Amount attributable to Disaster Reserve	13,800	15,200	16,600	18,000	19,600	21,300
Accumulated unfunded liabilities	(103,000)	(102,300)	(86,500)	(70,300)	(52,900)	(34,700)
Total Liabilities & Reserves	**395,300**	**420,100**	**450,700**	**484,900**	**522,800**	**563,900**

Five Year Operating Plan

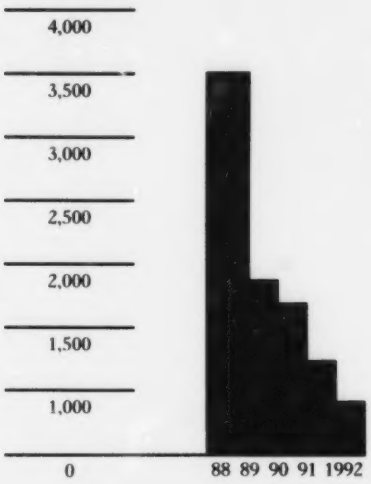
Average Days to First Payment

For All Claims



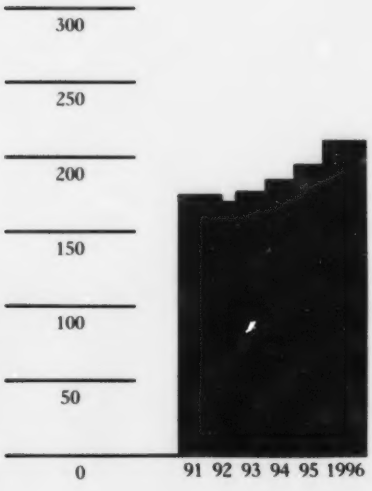
Number of Unadjudicated Claims

At Year End



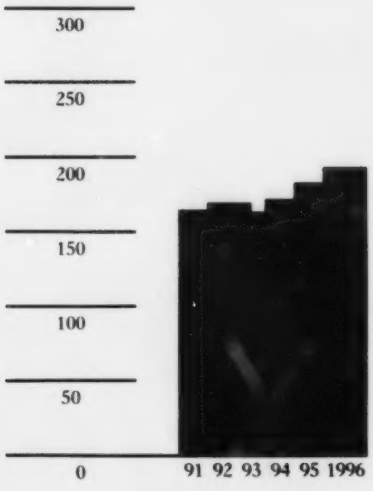
Projected Revenue

$ millions



Projected Expenditures

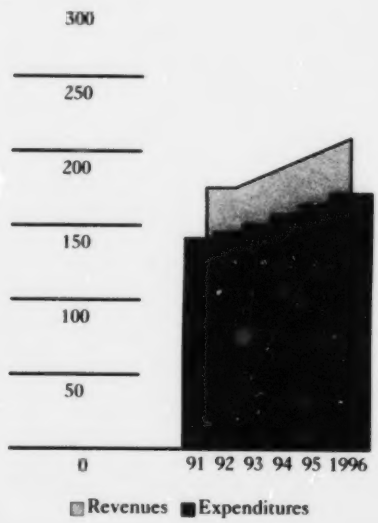
$ millions



Five Year Operating Plan

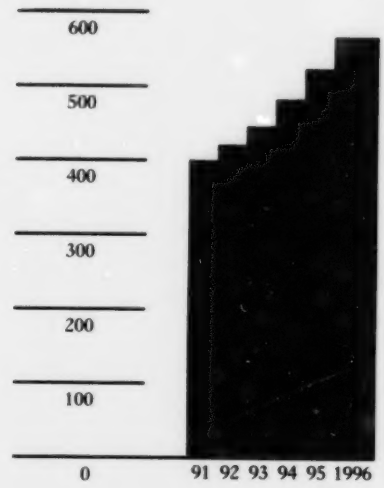
Projected Annual Cash Flow

$ millions



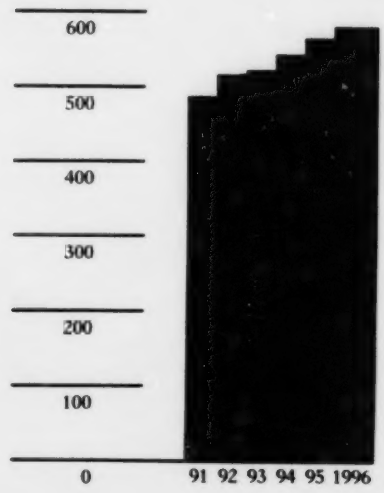
Projected Assets

$ millions



Projected Liabilities

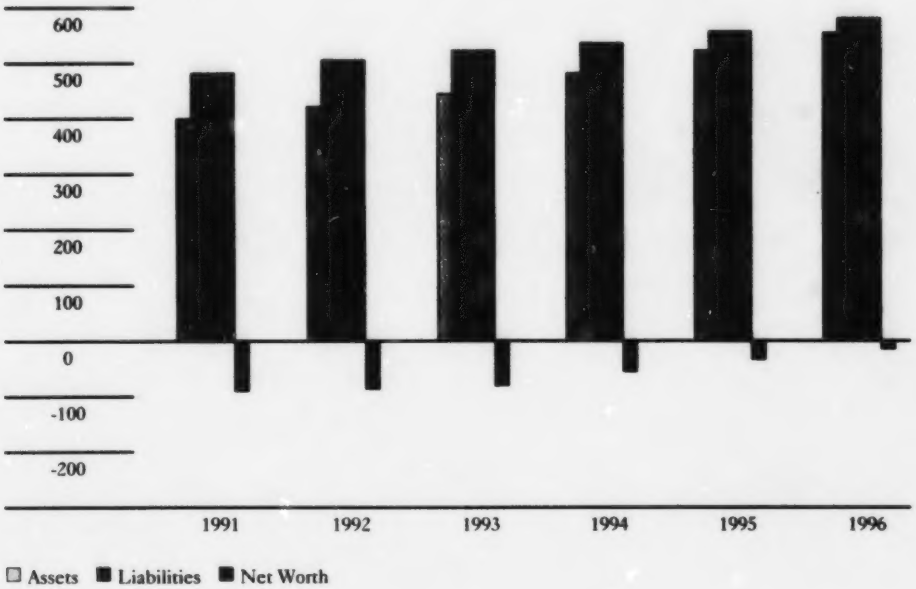
$ millions



Five Year Operating Plan

Summary of Assets & Liabilities

$ millions



Long Term Financial Plan

Projected Cash Flow

	1990	1993	1996	1999	2002	2005	2008
Accidents Reported	51,300	49,100	49,800	50,600	51,400	52,100	52,900
Annual Average Rate (Class "E" only) (per $100 payroll)	$2.27	$2.16	$2.16	$1.97	$1.80	$1.80	$1.80
CASH REVENUE ($000's)							
Assessments from self-insurers	13.7	11.4	13.1	15.3	17.7	20.6	24.0
Class E Assessments	125.9	130.1	152.7	163.7	175.4	206.0	241.9
Interest on Investments	35.4	37.5	43.3	51.5	58.8	65.6	74.9
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal	**175.0**	**179.0**	**209.1**	**230.5**	**251.9**	**292.3**	**340.8**
CASH EXPENDITURE ($000's)							
Wage Loss	67.4	68.3	77.7	91.0	106.5	124.4	146.1
Medical Aid	16.9	22.4	28.0	33.5	39.2	46.1	54.1
Actual disbursements from Pension Fund*	28.0	28.9	30.2	31.3	32.4	33.6	34.4
Adjudication and Service Costs	6.9	10.7	12.3	14.3	16.5	19.1	22.1
Administration and Corporate	11.5	14.9	17.2	20.0	23.1	26.7	31.0
Legislated (WS&H, WA)	4.6	4.9	5.7	6.6	7.6	8.9	10.3
Subtotal	**135.4**	**150.1**	**171.1**	**196.7**	**225.3**	**258.8**	**298.0**
Cash Flow Difference	**39.6**	**28.9**	**38.0**	**33.8**	**26.6**	**33.5**	**42.8**

*Differs from capitalized value of pensions described in operating statement

Simulation Summary Sheet

This simulation is based on the assumptions used for the five year operating plan extended to the year 2008. Average assessment rates remain steady through 1996 and then decline slowly to allow for a modest surplus in 2008. All figures represent combined amounts for Class "E" and Self-insurers.

ASSUMPTIONS: Base or average inflation 4.00%; real return on new money invested 4.00%; base rate of payroll growth (including inflation) 5.50%; base rate of expenditure growth (including inflation) 5.50%

LONG TERM FINANCIAL PLAN

PROJECTED NET WORTH

$ Millions

ASSETS	1990	1993	1996	1999	2002	2005	2008
Assessments Receivable	2.9	6.3	7.4	8.7	10.2	12.0	14.1
Deferred Receivables (Self-Insurers)	40.8	24.2	28.6	34.2	40.7	48.3	56.7
Investment Portfolio	328.3	413.4	520.9	630.5	722.5	820.1	943.3
Total Other Assets	4.3	6.2	7.0	7.7	8.6	9.6	10.7
Total Assets	**376.3**	**450.7**	**563.9**	**681.2**	**782.1**	**890.1**	**1024.9**
LIABILITIES							
Provision for Future Payment Obligations	-518.8	-517.7	-574.0	-649.1	-739.4	-847.4	-975.7
Total Other Liabilities	-3.5	-2.9	-3.4	-3.9	-4.6	-5.4	-6.4
Total Liabilities	**-522.3**	**-520.6**	**-577.3**	**-653.0**	**-744.0**	**-852.8**	**-982.1**
Net Worth	**-146.0**	**-69.9**	**-13.4**				

SIMULATION SUMMARY SHEET

This simulation is based on the assumptions used for the five year operating plan extended to the year 2008. Average assessment rates remain steady through 1996 and then decline slowly to allow for a modest surplus in 2008. All figures represent combined amounts for Class "E" and Self-insurers.

ASSUMPTIONS: Base or average inflation 4.00%; real return on new money invested 4.00%; base rate of payroll growth (including inflation) 5.50%; base rate of expenditure growth (including inflation) 5.50%

Long Term Financial Plan

Long Term Net Worth Projection

$ millions